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INSTITUTE FOR PROFESSIONALS IN TAXATION

**INCOME TAX SYMPOSIUM**

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**PROGRAM**



*October 15-17, 2006*  
*Hyatt Regency La Jolla at Aventine*  
*San Diego, California*



# Program

## Sunday, October 15, 2006

6:00-7:30 pm      Opening Reception

## Monday, October 16, 2006

8:00-8:30 am      Opening of Symposium

President – **Daniel Peterson, CMI**  
Institute for Professionals in Taxation

Income Tax Symposium Chair -- **Terry L. Polley, Esq.**

FTB Executive Officer – **Selvi Stanislaus**

8:30-9:20 am      **General Session**

*“Herding Worms – How to Manage and Lead Teams”*

Have you ever felt that leading your team is like herding worms? Everyone is heading in a different direction? Have you ever wondered why people do what they do? Do you find it distracting when some employees excel while dealing with others is like pushing rope? Would you like to live in a perfect world? So would I. Finally, a training program that helps you see why managing some folks is easier than managing others! During this upbeat seminar you will learn how to inspire the uninspired and lead the unleadable. This is a must-see program for anyone who supervises anyone.

**Speaker:**

**Dr. Dale Henry**

9:20-9:45 am      Break

9:45-11:00 am      **General Session**

*Cutting Edge Nexus Issues: The Qualitative Limits on Attributional Nexus; Opportunities to Treat Income as Non-operational*

The first issue focuses on the types of activities that can be performed by an in-state person that will not, or should not, render an out-of-state business taxable in the state even if those in-state activities benefit the out-of-state business. The second issue will identify opportunities to insulate certain types of income from state apportionment.

**Speakers:**

**Scarlett Ordner**  
Cox Enterprises

**Arthur Rosen, Esq.**  
McDermott Will & Emery LLP

Moderator: **Cass D. Vickers, Esq., CMI**  
Vickers Madsen & Goldman, LLP

11:00-12 noon

**General Session**

*Handling a Corporate Income Tax Audit*

These very experienced income tax professionals will share their secrets of audit success. From "Notice" to "Settlement," they will highlight proven methods and suggestions to solve your audit woes. The discussion will cover setting the stage with the auditor, how different states handle document requests, tackling controversial issues, attaining acceptable negotiations and settlements, and responses to amended returns due to an IRS audit. This will be an opportunity to heighten your awareness and sharpen your audit skills.

**Speakers:**

**Hugh McKinnon, Esq.**  
General Motors

**Frank E. Taylor, Jr., CMI**  
Sun Microsystems, Inc.

Moderator: **Arlene M. Klika, CMI**  
Schneider National, Inc.

12:00-1:30 pm

Lunch

*Restoring Confidence in Business through Ethical Behavior*

Rebuilding Trust after Restatements and Resulting  
Reluctance to Ever Trust Again

**Speaker:**

**Marianne Jennings, Esq.**  
University of Arizona

1:30-3:00 pm

**Breakout Sessions**

*Where Did All the Non-Business Income Go?*

John Barrie, Ryan Kroiz and Marc Simonetti will provide an analysis of the business/non-business income issues facing

businesses, including the state tax implications to the various entities involved in various business transactions. We will provide a review of the current status of the business/non-business income test in the various states; the factors that have been determinative in making the distinction between business and non-business income; and the unique issues that result from the federal tax treatment of a gain (e.g., tax treatment of IRC § 338(h)(10) elections). In addition, we will discuss the implications of non-business income treatment, including the effect on apportionment and tax attributes.

**Speakers:**

**John P. Barrie, Esq.**

Bryan Cave LLP

**Ryan Kroiz, Esq.**

Tyco International (US), Inc.

**Marc Simonetti, Esq.**

Sutherland Asbill & Brennan LLP

Moderator: **S. Lucky DeFries, Esq.**

Coffman DeFries & Nothern

*Repatriated Dividends*

Because of the American Job Creation Act, my foreign subsidiaries paid a lot of dividends. Do I get factor representation related to those dividends in water's edge states? What do I do for taxes in separate-company states, like Pennsylvania's franchise tax, that do not have a full dividends received deduction? What do I do about states like New Jersey and North Carolina that have a DRD, yet still count the dividend against my NOL carryover?

**Speakers:**

**Chris Hopkins**

Grant Thornton LLP

**Kyle O. Sollie, Esq., CMI**

Dechert LLP

Moderator: **Bettie A. Seymour**

Eli Lilly and Company

3:00-3:30 pm

Break

3:30-4:30 pm

**General Session**

*Throwback and Throwout Rules*

The speakers in this session will explore whether throwback and throwout provisions violate constitutional fair apportionment principles. The speakers will review the cases that have addressed this issue and will discuss the status of pending taxpayer challenges. The speakers will also discuss taxpayer options under statutory fair apportionment rules to alleviate some of the harsh effects of throwback and throwout rules.

**Speakers:**

**Charles J. Moll, III, Esq.**

Winston & Strawn LLP

**Margaret Wilson, Esq.**

Verizon

Moderator: **Janette M. Lohman, Esq., CMI**

Thompson Coburn LLP

4:30-5:30 pm

**General Session**

*Sales Factor: Cost of Performance*

The speakers will thoroughly explore the options for sourcing sales of services based on the cost of performance. The speakers will share actual real life examples of formulae they have utilized to compute the cost of performance and other methods to determine how to source sales of services.

**Speakers:**

**Bartley B. Baer, Esq.**

Deloitte Tax LLP

**Jon Iverson**

Oracle

Moderator: **Lynn A. Gandhi, CPA, Esq.**

Miller, Canfield, Paddock & Stone, P.L.C.

6:00-7:30 pm

Reception

## Tuesday, October 17, 2006

8:00-10:00 am

**General Session**

*Combined Reporting*

This panel will discuss the mechanics of combined reporting and will address issues including the standard for inclusion in the

combined report, intercompany transaction reporting, procedural issues, the increased likelihood of needing to combine entities that otherwise use separate formulae (financials and non-financial companies; pipelines and exploration companies, etc.), how to handle net operating losses and a variety of relevant issues that explore situations in which the “taxpayer” is the unitary group for purposes and in others each separate entity with nexus in the taxing state is treated as the “taxpayer.” The panelists will discuss issues that newly adopting states should resolve initially, based on the lessons learned from California and other states.

**Speakers:**

**Linda Klang**  
Time Warner

**Prentiss Willson, Esq.**  
Ernst & Young LLP

Moderator: **Peter G. Stathopoulos, Esq.**  
McGuireWoods LLP

10:00-10:30 am Break

10:30-12:00 noon **Breakout Sessions**

*Intercompany Transactions*

This panel will discuss intercompany transactions among affiliated companies in separate return states, including types of business structures, audits and litigation with state revenue authorities, adoption of royalty and interest add-back statutes and the resulting legal and constitutional issues.

**Speakers:**

**Donald Griswold, Esq.**  
McDermott Will & Emery LLP

**Kimberly M. Reeder, Esq.**  
Baker & McKenzie

**Jason Wulfhorst**  
Symantec Corporation

Moderator: **Richard W. Tomeo, Esq.**  
Robinson & Cole LLP

*"Section 18" Apportionment Modification Provisions: Sword, Shield, or Weapon of Mass Destruction?*

Taxpayers today must think of "Section 18" apportionment modification provisions not only as an opportunity for relief, but also as a weapon used by states on audit to modify the standard apportionment formula. The panel will explore several recent cases and the arguments against such state-imposed applications. The panelists will also explore some of the pitfalls in using these provisions, with an in-depth review of California's new process for petitioning for apportionment relief.

**Speakers:**

**Ernie Dronenburg**

Deloitte Tax LLP

**Curtis Schwartz, Esq.**

Modrall, Sperling, Roehl, Harris & Sisk

Moderator: **Margaret Wilson, Esq.**

Verizon Communications

12:00-1:30 pm

Lunch

*Should business expect "business as usual" from one of the nation's leading state tax organizations?*

As a new Director at the MTC completes his first year on the job, have there been surprises? Will there be new directions? What issues have taken center stage?

**Speaker:**

**Joe Huddleson, Esq.**

Multistate Tax Commission

1:30-3:30 pm

**Breakout Sessions**

*Acquisitions, including Tax-Free Reorganizations, and Spinoffs*

The speakers will provide an in-depth discussion of the challenging state tax issues and opportunities that emerge from mergers and acquisitions. The focus of this session will be to provide the audience with many of the key issues to consider in all M&E plans.

**Speaker:**

**Peter L. Faber, Esq.**

McDermott Will & Emery LLP

Moderator: **William M. Backstrom, Jr., Esq.**  
Jones Walker LLP

*Dealing with Uncertain Tax Positions under FAS 109*

Professionals from industry, law, and accounting will discuss issues including differing levels of legal opinions, nettlesome reserve issues, [uncertain/ambiguous/unclear] standards for recording uncertain tax positions for financial statement reporting purposes, and privilege issues in connection with documenting and supporting state tax reserves. By the time of the symposium, the Financial Accounting Standards Board [will/is expected to] have finalized its standards for recording uncertain tax positions for financial accounting purposes.

**Speakers:**

**David Cowling, Esq.**  
Jones Day

**Jeff Fair**  
EDS Corporation

**Elissa Moskowitz**  
PricewaterhouseCoopers LLP

Moderator: **Douglas Bryan, Esq.**  
Turner Broadcasting System, Inc.

3:30-4:00 pm

Break

4:00-5:00 pm

**Breakout Sessions**

*The Big Issues in State Taxation for Pass Through Entities and Their Owners*

What you've always wanted to know but were afraid to ask. The presentation will address entity classification, nexus, entity-level taxes, apportionment, nonresident withholding, and investment partnership tax exemptions. This session will discuss the big issues every tax professional needs to know in dealing with the brave new world of state taxation and pass through entities.

**Speakers:**

**Robert A. Garvey**  
PricewaterhouseCoopers LLP

**Christopher R. Grissom, Esq.**  
Bradley Arant Rose & White

Moderator: **Barbara Coulter**  
PricewaterhouseCoopers LLP

*Credit/Incentives*

Cuno - Are you expanding a facility, creating new jobs or retraining current employees, relocating a division or establishing a new corporate headquarters? This session will address the how to identify and obtain both negotiated and statutory state and local tax incentives. The panel will discuss the future viability of such incentives in light of the recent high profile court challenges and the strategic decisions companies must make to maximize their incentives.

**Speakers:**

**Mary Benton, Esq.**  
Alston & Bird LLP

**Stephanie Anne Lipinski Galland, Esq.**  
Thompson Coburn

Moderator: **Mark F. Sommer, Esq.**  
Greenebaum Doll & McDonald PLLC

5:00 pm

Symposium Conclusion

## *Hotel Accommodations*

The symposium is being held at the Hyatt Regency La Jolla at Aventine. Reservations are to be made directly with the hotel by either using the provided hotel reply form, which can be faxed to the hotel at 858/552-6066 or calling at 858/552-1234

The room rates are as follows:

Single Occupancy: \$194.00

Double Occupancy: \$194.00

This room rate includes a continental breakfast Monday and Tuesday.

## *Hotel Information*

Hyatt Regency La Jolla at Aventine  
3777 La Jolla Village Drive  
San Diego, California  
Tel: 858/552-1234 Fax: 858/552-6066

Set in the scenic hills of San Diego's "Golden Triangle" area, Hyatt La Jolla Hotel at Aventine is a world-class retreat that includes the Sporting Club & Spa and adjacent Restaurant Village. With elegant surroundings of the finest quality, this Hyatt Regency La Jolla hotel embodies a true home away from home.

## *Ground Transportation*

Airport: San Diego Intl Airport / Lindberg Field  
Express Shuttle or Cloud 9 Shuttle:  
Cost: Approx \$14.00 one way per person (subject to change)  
Seating/Luggage: 2 pieces of luggage per person  
Pick Up: Outside of Baggage claim area

Taxi:  
Cost: Approx \$25-35  
Seating/Luggage: 2 pieces of luggage per person  
Pick Up: Outside of Baggage claim area

Maximum seating: Shuttles seat 10 people, taxi 2-8 people

## *Registration and Fees*

The IPT Registration Form follows. Confirmation of acceptance will be sent to all applicants. All registrations must be completed in advance of the symposium. As well as covering the usual symposium expenses, the fee includes Sunday and Monday night receptions, two luncheons, refreshment breaks, and symposium materials. Symposium materials and registration packets may be picked up at the IPT Registration Desk in the hotel between 1:00 p.m. and 7:00 p.m. on Sunday, October 15th. Those who arrive after the desk closes may pick up registration materials after 7:30 a.m. on Monday morning.

To encourage early registration, the fee structure is as follows for registration fees received by the IPT Office:

Through September 15th:  
Individual: \$400.00

After September 15th:  
There is an additional charge of \$25.00.

## *Cancellation Fees*

\$50 for any filed registration. After October 6th, no refunds will be made.

## *Credit Cards*

The Institute accepts the following credit cards: American Express, Master Card, and Visa. Please carefully follow the instructions on the IPT Registration Form if paying by credit card. Also be sure to note, where indicated, the correct and complete billing address for the credit card if it differs from your registration address.

## *Continuing Education Credit*

The Institute for Professionals in Taxation is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State Boards of Accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be addressed to the:

### **National Registry of CPE Sponsors**

150 Fourth Avenue North  
Suite 700  
Nashville, TN 37219-2417  
Web site: [www.nasba.org](http://www.nasba.org)

17 continuing education credits, including 1 IPT ethics credit hour, are available for full-attendance. In accordance with the standards of the National Registry of CPE Sponsors, CPE credits have been granted based on a 50-minute hour. CMIs will obtain hour-for-hour continuing education credits for attendance upon submittal of the appropriate continuing education form. Registrants who wish to obtain credit from other organizations for the symposium must submit their own forms to the IPT Office or use the form provided by IPT for this program.

*Prerequisites:* None

*Program Level:* Intermediate to Advanced

*Field of Study:* Taxation

*Instructional Method:* Group Live

*Advanced Preparation Required:* None

## *CMI Designation*

The Institute for Professionals in Taxation's designation "Certified Member of the Institute" (CMI) is available to anyone who has been a member of the Institute for at least one year and who meets all other educational, oral and written examination requirements. The purpose of the certification program is to further the professional development of its members. For further information, please contact the IPT Office or visit the Institute's web site ([www.ipt.org](http://www.ipt.org)). The CMI is granted in Sales and Use, and Property Taxation and will be available in Income Taxation in 2008.

## Income Tax Symposium Committee

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